

Service Date: October 23, 1996

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC. for)	
Authorization of the Issuance of)	DOCKET NO. D96.10.166
up to 2,285,715 Additional Shares)	
of Common Stock.)	DEFAULT ORDER NO. 5950

On October 1, 1996, MDU Resources Group, Inc. ("Applicant" or "Company"), filed an application with the Montana Public Commission ("Commission") seeking authority to issue up to 2,285,715 additional shares of Common Stock, par value \$3.33, representing an aggregate value of approximately \$50,000,000 of equity at current market prices, as proposed in the application. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of Applicant's business and the territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Montana Public Service Commission, held at its offices on October 21, 1996, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. Applicant is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. Applicant is operating as a public utility as defined in §§ 69-3-101 and § 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, MCA.

4. The securities proposed to be issued are up to 2,285,715 additional shares of Common Stock, par value \$3.33, representing an aggregate value of approximately \$50,000,000 of equity at current market prices. The Common Stock will be issued from time to time, in one or more transactions, within a two year period, if and when a reasonable and prudent acquisition of business assets occurs. In the event an acquisition of business assets occurs involving a stock-for-stock transaction or a stock-for-assets transaction, the Applicant anticipates its Common Stock will be issued directly to the seller or sellers of the business assets being acquired by the Applicant or its subsidiaries. Alternatively, the additional Common Stock may be issued and sold on the open market, from time to time, the cash proceeds therefrom to be used for the acquisition of business assets, including the repayment of a portion of outstanding short-term financing incurred in acquiring business assets by the Applicant or its subsidiaries.

5. The Common Stock will in all respects rank equally with the outstanding shares of Common Stock so that the holders thereof will participate in dividends equally with the holders of the outstanding shares and will have the same voting rights and liquidation rights with the other Common Stockholders of the Applicant.

6. The issuance of Common Stock is for corporate development purposes: (i) the issuance of Common Stock directly to the seller or sellers as consideration for the acquisition of business assets by the Petitioner or its subsidiaries, and/or (ii) the issuance and sale of Common Stock on the open market for the acquisition of business assets by the Petitioner and its subsidiaries, including repaying a portion of outstanding short-term financing incurred for this purpose.

7. The transactions proposed by Applicant (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by

Applicant of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the Applicant.

CONCLUSIONS OF LAW

The securities transactions proposed by Applicant, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of Applicant of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Applicant.

ORDER

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to 2,285,715 additional shares of Common Stock, par value \$3.33, representing an aggregate value of approximately \$50,000,000 of equity at current market prices, as proposed in the application, is hereby approved and authority is granted. This authority is effective through November 1, 1998. Approval of this filing is based on MDU Resources Group, Inc.'s assurance that the issuance of the Common Stock will not have an adverse effect on the Applicant nor effect any change in the cost or quality of service to the Applicant's ratepayers. Also, the Applicant stated in the filing that the issuance of Common Stock will not impair the Applicant's ability to perform its public utility service.

2. Neither the issuance of securities by Applicant pursuant to the provision of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.

3. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

4. Issuance of the Order does not constitute acceptance of the Applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 21st day of October, 1996, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY McCAFFREE, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.